

Directive No. 97

**GROUP CREDIT LIFE INSURANCE CONTRACTS -
MAXIMUM COVERAGE LIMITS**

August 22, 1990

It has been brought to the attention of this Department that certain group credit life insurance carriers are apparently issuing coverage above the statutory limit of \$50,000 per life set forth in R.S. 22:175A(3) which is cited immediately below.

"Life insurance covering only the lives of all members of a group of persons for not more than fifty thousand dollars on any one life, numbering not less than ten new entrants to the group yearly, who become borrowers from one financial institution, including subsidiary or affiliated companies, or who become purchasers of securities, merchandise or other property from one vendor under agreement to repay the sum borrowed or to pay the balance of the price of the securities, merchandise or other property purchased, whether in installments or in a single sum on a stated date, to the extent of their indebtedness to said financial institution or vendor, but not to exceed fifty thousand dollars on any one life, written under a policy which may be issued upon the application of and made payable to the financial institution or vendor or other creditor to whom such vendor may have transferred title to the indebtedness as beneficiary, the premium on such policy to be payable by the financial institution, vendor or other creditor, either from funds of the financial institution, vendor or other creditor, or from charges collected from the insured debtors or from both."

A finding by this Department of a willful violation of the above referenced statute can be cause for disciplinary sanction of an insurer's authorization to do business in this state.

Douglas D. Green
COMMISSIONER OF INSURANCE

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